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China's Record Grain Crop

Michigan State Study

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This week's cover:

Mainland China's terraced hillsides are evidence of what has always been a highly labor-intensive agricultural economy. However, agriculture in the People's Republic is in a new stage of development, with strong emphasis on increased productivity and the scientific approach—both important in the record grain crop claimed for 1971 (see story beginning this page).

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As President Nixon makes historic first trip to Mainland China

CHINA CLAIMS RECORD GRAIN HARVEST

By STEVE WASHENKO
U.S. Agricultural Officer
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For the first time in over a decade Peking has broken its self-imposed silence on reporting production figures. Grain production in 1971 is claimed to be 246 million metric tons—a record crop in terms of total output and yield per acre.

Production figures were not given for other agricultural products. However, "good" harvests were claimed for cotton, oilseeds, sugar crops, tea, tobacco, and silk cocoons. Hog production, the most important branch of the livestock industry, was reported to have risen by 14 percent.

Analysis of Peking's agricultural performance continues to be complicated by the lack of critical data on sown acreages, yields, and livestock numbers. Guesswork, unfortunately, must be resorted to in trying to unravel this Chinese puzzle. Peking's grain production claim for 1971 is a modest increase over the unofficial figure of "more than 240 million tons" for 1970, as reported by the late Edgar Snow, a U.S. journalist and China authority. There are no indications as to the comparative performances of other crops.

Judging by most indicators, an increase in agricultural production could have been expected in 1971.

• There were continued improve-

ments in water conservation—irrigation and drainage—with the claim that 5.4 million acres of stable high-yielding fields were added in the 1970-71 year.

• Grain acreage increased by at least 3.7 million acres and perhaps even more as a result of continued expansion of multiple cropping.

• Soil improvement to reduce alkalinity and salinity could have had yield-increasing effects in the important Provinces of Hopeh, Shantung, Honan, and the northern parts of Anhwei and Kiangsu.

• The supply of chemical fertilizer reportedly increased by 20 percent over 1970. The supply of chemical fertilizer to the countryside in 1971 was 13 percent greater than for 1970. A large share of these additional fertilizers are believed to have been applied to grain crops.

• Greater use is being made of higher yielding seed varieties. There has been a great deal of emphasis on the scientific approach to farming, and teams have been encouraged to set up their own experimental plots. The movement for "scientific experiments" was singled out by Peking as a key factor in achieving the good harvest of 1971.

• Better morale and discipline of the peasants also could have had positive benefits for agriculture.

Lending further support to the probability of a good grain harvest in the People's Republic is the fact that wheat import contracts signed with Canada in December were for 3.2 million tons—the same quantity as that delivered in 1971. While additional purchases cannot be ruled out, they would not seem to be in order.

Peking has announced fulfillment of the government grain procurement plan with the claim that supplies of staple foods are at a "new high." While grain procurement is claimed to be higher than in 1970, this could have been made possible by increased procurements from the better areas while maintaining the 1970 levels in the poorer ones.

On the other hand, offsetting the favorable factors to some degree at least, is Peking's admission that the area affected in 1971 by natural disasters—drought, flood, insects—was three times that of 1970. Since the precise area affected by these disasters is not known, a meaningful comparison of such qualitative data is not possible. There is a tendency to exaggerate adversities in China, and the use of the word "drought" presents a problem of definition. For example, Hunan, an important agricultural region, suffered a "4-month drought beginning in mid-June," but record grain production was claimed for this Province.

Considering the numerous and widespread reports of unfavorable weather received throughout 1971, there is little doubt that weather was not as good as in the record production year 1970. It is, however, difficult to evaluate such weather reports and their effect on agricultural production without first-hand observations as to their severity.

Although total value of industrial and agricultural output is claimed to be about 10 percent higher than in 1970, it is believed that industrial output accounted for most of the growth. Little, if any, increase was made over the high level of agricultural production in 1970. It is estimated that grain output ranged between 210 million and 220 million tons or about the same level as estimated for 1970. Production of most other crops probably kept pace with 1970. Some increase in the production of sugar crops and tobacco may have resulted from the regime's efforts to expand output of these crops.

While Peking's claim of a record grain harvest, the main barometer of agricultural performance, may be exaggerated—perhaps for both internal and external political reasons—it is

Chinese farmers harvest grain in Chekiang Province.

fairly certain that in 1971 when not particularly favorable weather was offset by increased inputs, farm output was sustained at a fairly high level.

The transformation in Chinese agriculture, which has been taking place over the last decade, is perhaps now at the stage where only the severest natural disasters—prolonged drought over wide areas—would have appreciable effect on total agricultural production.

By most standards, the first year of the fourth 5-year plan has been a successful one for China. However, while the supply of grain seems to be assured, China still is seeking to find the right balance in its agricultural economy. Grain production has been promoted at the expense of other crops in many cases. Vegetable oil, cotton cloth, sugar, and food grains continue to be strictly rationed.

Peking likes to boast that retail prices of foodgrains have remained constant since the founding of the People's Republic, while procurement prices have been increased—certainly a major achievement. However, prices paid to farmers for grains are generally less profitable than those paid for commercial crops. The peasant's natural inclination to produce more profitable crops is contained only by the rigidities and controls of centralized planning.

Increased procurement prices for some commercial crops went into effect in the last half of 1971, making these crops even more profitable. This could have a boomerang effect as the peasants scheme to plant more of these crops than called for in the plan.

As the second year of the fourth 5-year plan begins, Chinese leadership appears to be facing up to the challenge of the seventies. Real progress must be made in agriculture if the economy is to grow. To this end, resources are being committed, and tampering with the institutional setup is not to be tolerated. The institutional status quo is to be maintained in the countryside. Further mechanization and modernization are being emphasized.

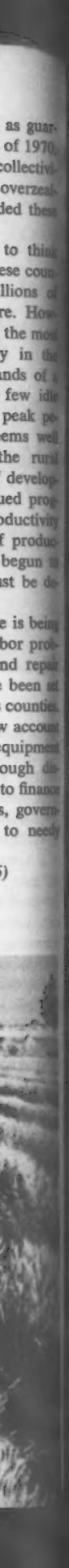
Peking is well aware that progress in the countryside is correlated with the cooperation of the peasants. In the constant tug-of-war between the peasants and the state's interests, the regime has firmly and frequently stated its position over the past year condoning private plots and subsidiary enterprise as guaranteed by the draft constitution of 1970. Radical advocates of further collectivization have been rebuked and overzealous cadres, which have rescinded these rights, have been chastised.

It seems almost ridiculous to think of a labor shortage in the Chinese countryside with hundreds of millions of peasants working in agriculture. However, the labor requirements of the most intensive agricultural economy in the world, coupled with the demands of a growing rural industry, leave few idle hands, especially during such peak periods as harvesting. Peking seems well aware that agriculture and the rural economy are in a new stage of development. If there is to be continued progress in agriculture, labor productivity must be improved and cost of production—a subject that has just begun to appear in Chinese media—must be decreased.

Mechanization of agriculture is being speeded up to help ease the labor problem. Plants to manufacture and repair farm machines and tools have been set up in 90 percent of the nation's counties. Local, small-scale factories now account for 80 percent of all farm equipment manufactured in China. Although districts are to rely on themselves to finance their own mechanization plans, government loans have been made to needy units.

(Continued on page 16)

Intercropping wheat and cotton provides more economic land use.



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A major waterway for the Hai Ho project—the Fuyang Canal—under construction.

Improved Drainage in China's Hai Ho Valley Increases Farm Output

During the past 7 years farmland in Hopeh Province (and bits of adjacent areas) in northern Mainland China has been heaped into "raised fields," crisscrossed with ditches and drainage canals, scooped into reservoirs, piled into dikes, and dredged to form waterways. As a result, a once-troublesome area of flooding and waterlogging—the drainage basin of the Hai Ho—has been tamed into increased agricultural production.

About 70 percent of Hopeh Province lies in the Hai Ho basin. For years the Province was a deficit grain area and raised chiefly cotton, which is more tolerant than grains of the alkaline and saline soils caused by bad drainage. Topography and climate both contributed to the situation.

A host of rivers that converge toward the eastern coast of central Hopeh all empty into the Hai Ho, which then serves as their only outlet to the sea. In addition, several other rivers that have their own sea outlets are linked to the Hai Ho's tributaries by canals and in periods of high water add flow to the Hai Ho system.

Further, the climate in the Hai Ho basin is such that between 60 and 70 percent of the total annual rainfall arrives during the 3 months of June, July, and August.

The result was that rainwater and river water spread over low-lying areas many summers because of the poor drainage, and a vast region of the eastern seaboard of Hopeh became useless for farming. Some land became yearround marsh, and other areas were so seriously affected by salinity and alkalinity they were unsuitable for any crop.

To add to problems, many of the existing drainage canals were out of repair so that they functioned inadequately.

Then, in the summer of 1963, a major flood occurred in the Hai Ho basin that disrupted transportation and damaged more agricultural land. The Government decided that the river basin and drainage system had to be brought under permanent control. Plans were mapped out during 1964, and work started the following year.

Through 1971, the following had been done. Nineteen major tributaries of the Hai Ho basin were dredged or had other work done to increase river depth and rapidity of flow over a total distance of about 990 miles. Fourteen large dikes with a total length of about 870 miles were built. Many large, medium, and small reservoirs were constructed. Several hundred large and small waterways were dredged and enlarged, including 12 major canals to carry away floodwaters and 14 major canals for yearround drainage to prevent waterlogging and increase irrigation efficiency. The total length of canals worked on is about 1,300 miles.

The immediate result of efforts in the

(Continued on page 16)

The project involved much damming and diversion of water.

Michigan State study discusses—

Effect of EC Membership On British and Danish Grain Import Requirements

By KENNETH E. OGREN and PHILIP L. MACKIE
Commodity Programs
Foreign Agricultural Service

The United Kingdom is a large importer of agricultural products; Denmark, an exporter of up to two-thirds of its agricultural output. What will accession to the European Community mean to the grain and livestock economies of these two very different countries? And what will it mean to third-country suppliers like the United States?

A study recently issued by Michigan State University[1] indicates that if there is no change in the Common Agricultural Policy (CAP), there will be a total net contraction of import demand for grain by almost 20 million tons in 1980, as compared with 1970-71, for an enlarged Community of 10 members.

Based on an updating by Michigan State of previously developed projections for the grain-livestock economy of the EC, the present six-member Community would become a net exporter of grains. It would move from a deficit of 10.7 million tons in 1970-71 to a surplus of 1.6 million tons in 1980, for a net reduction of 12.3 million tons in import requirements.

The United Kingdom would be about in balance for trade in grains by 1980 if it joins the EC in the early 1970's. In 1970-71 it had a net deficit of about 9 million tons in its grain trade.

In Denmark, livestock production would be encouraged under the stimulation of the higher EC prices for livestock products, so that grain imports by Denmark are projected as being higher in 1980 than in 1970-71 by more than a million tons.

(The Michigan State study also includes projections for Ireland and Norway that are not evaluated here.)

The 1980 projections based on accession assume that the EC's Common Agricultural Policy will have continued unchanged and that the new members, U.K. and Denmark, have adhered to it. For comparison, however, the study makes a second set of 1980 projections, based on the assumption that the two countries will not have acceded to the EC and will have continued their own current policies.

Impact on the United Kingdom. Projected U.K. prices for 1980 under the accession alternative compare with current EC prices as follows: Milk prices would be at the 1971-72 target level; cattle prices 22 percent above the 1970-71 level, pig prices 20 percent, broiler prices about 5 percent, and egg prices about 25 percent; and grain prices, near 1971-72 intervention levels.

The nonaccession alternative assumes a continued movement away from the traditional U.K. deficiency payment support system toward a system of minimum import prices and variable levies on the EC model. The study's authors point out that the burden of agricultural support has been shifting from the tax system directly to consumers through increases in food prices, thereby holding down consumption of livestock products and altering consumption patterns.

Both this policy shift and the price levels of 1970-71 are at least partly the result of accession prospects, reflecting preliminary adjustments in anticipation of membership. Thus the impact of accession, as measured in this study, will be less than it would have been if the U.K. agricultural policies of the 1960's were projected as continuing into the 1970's.

The results of the study are given in the accompanying table. Data for the 1970-71 season are included to provide a comparison of the current situation with Michigan State's projections for 1980. Data for a different season would, of course, result in different comparisons. The study itself used 1968 as a base for comparisons.

Accession to the EC by the United Kingdom—in comparison with nonaccession—would lower consumption of dairy

UNITED KINGDOM: PROJECTED IMPACT OF EC ACCESSION ON GRAIN-LIVESTOCK ECONOMY[1]

Item	Production	Consumption[2]	Balance[2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Grains:			
1970-71	13,160	22,254	−9,094
1980:			
No accession	20,215	23,893	−3,678
Accession	22,839	22,989	−150
Milk (fat equivalent):			
1970-71	481	1,005	−524
1980:			
No accession	556	1,462	−906
Accession	486	1,248	−762
Beef and veal:			
1970-71	978	1,170	−192
1980:			
No accession	1,151	1,222	−71
Accession	1,063	1,063	0
Pork:			
1970-71	883	1,263	−380
1980:			
No accession	1,121	1,475	−354
Accession	1,122	1,470	−348
Poultry meat:			
1970-71	579	583	−4
1980:			
No accession	730	696	34
Accession	722	688	34
Eggs:			
1970-71	839	842	−4
1980:			
No accession	1,074	1,023	51
Accession	1,028	1,008	20

[1] Based on growth rate of 2.9 percent. Study also made projections based on growth rate of 3.4 percent, but results did not differ markedly. [2] Balance data for 1970-71 are net imports; minus sign indicates deficit; therefore consumption data for 1970-71 include stock changes.

1970-71: U.K. Annual Price Review except for grains, which are FAS estimates as of Aug. 31, 1971. 1980: Michigan State University study.

[1] Ferris, J., Josling, T., Davey, B., and others. *The Impact on U.S. Agricultural Trade of the Accession of the United Kingdom, Ireland, Denmark and Norway to the European Economic Community*. 367 pp. Michigan State University, Institute of International Agriculture, Res. Report No. 11. East Lansing, Mich. 1971.

products by 15 percent, beef by 13 percent, and grain by 4 percent. On the production side, milk would be reduced 13 percent and beef 8 percent, but grain would increase 13 percent, because it would become more profitable than livestock products—especially milk. Production and consumption of pork, poultry meat, and eggs would not be significantly affected by accession.

The greatest pressure on third country trade from accession would be on grains and dairy products. This pressure would take two forms; a reduction in total trade opportunities and a shift from traditional suppliers to internal Community trade. U.K. accession would relieve the pressure put on the CAP by EC dairy surpluses and increasing grain production.

Net grain import requirements of the United Kingdom were 9.1 million metric tons in 1970-71. The Michigan State study projects a decline in net import requirements to 3.7 million tons by 1980, if current policies continue; but with accession to the EC, higher prices under the CAP would bring the United Kingdom into a near-balance position for grain by 1980.

For milk, accession would reduce U.K. import requirements by about 15 percent (fat equivalent basis). Despite this reduction, import requirements for dairy products would still be 45 percent greater than in 1970-71, but there would be pressure to utilize EC surpluses at the expense of imports from traditional nonmember suppliers.

The balances given in the table are the differences between domestic production and consumption. They approximate net trade adjusted for changes in stocks. Changes in the balances indicate the pressures that would develop upon world trade.

For example, the 9-million-ton U.K. grain deficit in 1970-71 was equal to **net** imports. The near-balance situation projected by the study for 1980 with accession does not mean, however, that imports of grain would fall from 9 million tons in 1970-71 to zero in 1980. The United Kingdom might be nearly in balance on a **net** basis, but it would very likely be in surplus or deficit positions for particular types of grain. At the projected 1980 price relationships, it would probably be surplus in soft wheat and possibly barley, but it would continue to import hard wheat for bread as well as corn for industrial use and possibly poultry feeding.

The pressures created by surpluses of grain could have three different short-term results: A buildup of stocks; subsidized feeding, in competition with imported grain; or subsidized exports, in competition with grain from non-EC exporting countries. Michigan State's study does not estimate the specific form of the impact of accession on world trade or the relative amounts by which other countries will be affected.

Preliminary results from the projection model indicated that the United Kingdom would produce large surpluses of pork, poultry meat, and eggs in 1980 with or without accession and of beef with accession. The study assumed that domestic policies and trade commitments would preclude the United Kingdom's becoming an exporter of these products, particularly if it did not join the EC.

Thus, the study "restricted" poultry meat and egg production to levels no higher than 5 percent over consumption. For pork, the production level was restricted to 5 percent over the total of fresh pork consumption plus 45 percent of bacon and ham consumption (to protect about half of the U.K. market for countries supplying bacon and ham). For beef, production was restricted to the level of consumption.

(There is no precedent in EC policy, however, for an assumption that exports by the United Kingdom would be thus restricted in the event that it did join the EC. Similar assumptions were not made for Denmark and other applicants. It is difficult to foresee that the EC would restrict production in one member country and not in the others.)

These results from the "restricted" model, given in the table, receive primary emphasis throughout the Michigan State study. The table estimates should be interpreted also in the light of another qualification; the study did not analyze the extent to which grain feeding rates will be affected by movement from a deficiency payment system to the import levy system or by entry into the EC.

The projections assume that grains will continue to represent the same proportion of total concentrates as during recent years. Not reflected in the table is the possible substitution of nongrain ingredients for grain in compound feeds and rations used by farmers in response to changing price relationships and other factors.

The effect of this kind of substitution has already proved substantial in some other countries. In the Netherlands, for example, the grain component of mixed feeds declined from about 66 percent in the early 1960's to 35 percent in 1969. As the authors point out in their text, if the grain component of concentrated feeds in the United Kingdom dropped from the current level of approximately 71 percent to, say, 50 percent, grain consumption by livestock could decline by 4 million tons—from the projected level of 13.5 million tons (with accession) to about 9.5 million.

Impact on Denmark. Denmark currently operates a two-

DENMARK: PROJECTED IMPACT OF EC ACCESSION ON GRAIN-LIVESTOCK ECONOMY

Item	Production	Consumption	Balance[1]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Grains:			
1970-71	6,370	7,041	—671
1980:			
No accession	8,112	7,254	858
Accession	6,832	8,786	—1,954
Milk (fat equivalent):			
1970-71	197	126	71
1980:			
No accession	220	130	90
Accession	271	129	142
Beef and veal:			
1970-71	192	103	89
1980:			
No accession	260	106	154
Accession	325	106	219
Pork:			
1970-71	716	195	521
1980:			
No accession	947	195	752
Accession	1,191	227	964
Poultry meat:			
1970-71	79	25	54
1980:			
No accession	68	33	35
Accession	69	31	38
Eggs:			
1970-71	86	54	32
1980:			
No accession	79	68	11
Accession	107	66	41

[1] Minus sign indicates deficit.
1970-71: FAS estimates. 1980: Michigan State University.

price scheme for major livestock products which, in effect, taxes internal consumption to subsidize exports. The major change that would occur with a shift to the EC support system is that producer prices for export items—primarily pork, beef, poultry, and dairy products—would increase markedly. Consumer prices and consumption of livestock products in Denmark, however, would not be greatly affected by accession.

According to the Michigan State study, higher farm prices with accession would increase production of pork by 26 percent; milk, 23 percent; beef and veal, 25 percent; and eggs, 35 percent. With little change in Danish consumption, all of this increase in production of livestock products would add to Danish and—except for beef—EC surpluses. For pork, the excess of production over consumption would increase by 212,000 metric tons; for milk, 52,000 tons (fat equivalent basis); for eggs, 30,000 tons; and for beef, 65,000 tons. At EC price levels, this added production is equal to about $450 million. The EC market could absorb the increased beef production—but at the expense of third-country suppliers.

Danish grain prices would increase by about 40 percent with accession, but grain production would be about 16 percent less than under a continuation of current policies. This seeming anomaly is attributed to a greater increase in net returns from cattle farming if Denmark joined the EC, and a consequent shift in land use from grain to forage.

Danish grain utilization, on the other hand, would increase by 21 percent with accession because of higher livestock production (assuming that the proportion of grain in livestock rations did not change). The net effect would be to shift the Danish grain balance in 1980 from a projected surplus of 858,000 metric tons without accession to a deficit of 1.95 million tons if Denmark's agriculture comes under the CAP regulations. The Michigan State study thus shows that the negative impact on third countries of Denmark's increased production of livestock products would be partially offset by its added consumption of grains.

This conclusion assumes, however, that Danish livestock production will be subject to no production restraints—an assumption not allowed for the United Kingdom. The increase of 21 percent in grain use in Denmark could result only if Denmark is subject to more favorable EC regulations than the United Kingdom.

Policy implications. An important overall consideration in evaluating the Michigan State study is the fact that it is not a completely integrated study; the impact of accession on the grain-livestock economy of each of the four applicant countries is studied separately. The shifts in patterns of production and trade between the four applicants and the six existing members, such as could result from accession, were not estimated.

As the authors of the study state in their report, "the projections indicate that pigmeat, poultry and eggs will be in surplus by 1980, even with certain restrictions placed on their production in the U.K. That surpluses could arise is fairly clear; the question being how extensive they would be? . . . But surpluses beyond that which can be disposed of in external markets probably can not be continued very long and policy adjustments will be required."

In the view of the Michigan State authors, the data presented in this study raise two principal policy issues for U.S. agricultural interests. The first centers on feedgrain and is concerned with the balance between production and consumption within Europe. The continued maintenance of high feedgrain prices will encourage output and decrease consumption. At present, grain utilization rates in livestock feeding are high in Denmark and the United Kingdom; but with an increase in prices of feedgrains to EC levels, utilization of feedgrains in the rations may decline.

On the other hand, as noted in the summary of the Michigan State study, "If it were possible to achieve reduced grain prices in the existing 6-member EEC so that grain utilization rates increase to the level existing in Denmark and the U.K., the EEC would continue as a deficit producer of grain and in turn represent a continuing even if not rapidly expanding market."

The second policy issue noted in the study involves the competitive position of European producers on world markets. Exports of wheat from France to other parts of the world (as well as to other EC countries) have increased dramatically since the institution of the CAP. These exports, the authors state, "are on a subsidized basis and clearly represent a challenge to traditional exporters." Thus, they conclude, "Expansion of the EEC on the basis of the present Common Agricultural Policy will result in continued excess capacity in wheat and continued pressures on world markets."

Chile Enacts New Decrees To Fight Meat Shortage

Chile's livestock industry is faced with a series of interlocking problems that have caused an extended meat shortage.

After the victory of the Socialist-Communist coalition in early September 1970, several large meat producers reportedly slaughtered their herds and liquidated their other holdings because they feared nationalization of their operations.

Some packers are also said to have shipped clandestinely slaughtered beef and veal across the border into Argentina where prices were better. Further, there have been official accusations that those who have refrigerators and freezers have been hoarding beef and veal which, if true, would tend to exacerbate the problem of meat shortages.

But probably the most important cause of the shortage is an income redistribution policy which has raised the incomes of wage earners and thereby increased the demand.

Faced with this situation, the Chilean Government has enacted a number of decrees to alleviate the shortage. One recent enactment limited cattle slaughter to Wednesdays and Thursdays of each week, while restricting sales of beef and veal to Fridays, Saturdays, and Sundays. A previous decree enacted in 1971 applied only to the Provinces of Santiago, Valparaíso, Aconcagua, and Concepción. The current one affects the entire country.

A second recent decree will permit transportation of chilled, cooled, or frozen meat from refrigerated warehouses in the southern Provinces during periods when sales are restricted only by owners of certificates of "Free Transit" issued by the Regional Offices of the Ministry of Economy.

According to the Government of Chile, the new policy embodied by these decrees will regulate the marketing of beef and veal, permit the planning of slaughter operations, and help solve labor problems. By controlling the movement of meat, the Government also expects the new system to permit low-income families to purchase meat each week.

India's Growing Wheat Output May Cut Imports; Arouses Hope of Self-Sufficiency

By D. V. KHOSLA
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New Delhi

The wheat revolution in India—largely taking the form of a swing toward high-yielding varieties—has had prompt and noticeable results.

The country's wheat production doubled from 11.4 million tons in 1966-67 to 23.2 million tons by 1970-71. Government wheat stocks are currently in the neighborhood of 5 million tons. Also, the 1971-72 crop was planted under generally good soil-moisture conditions and, given a few good winter rains, another record wheat crop may be in the offing.

As a result of increased wheat output, India has eliminated the 1.4 million tons of wheat it had expected to require from the United States under the 1971-72 Public Law 480 program and is talking of the possibility of sustained self-sufficiency in food grains.

Wheat has been the main grain imported by India to cover past food-grain deficits. Cessation of such imports, however, will require continuing production advances if supply is to keep up with growing demand.

India's population is increasing by more than 1 million people per month. And per capita utilization of wheat has been increasing steadily—from 53 pounds in 1951 to 63 pounds in 1960 and about 86 pounds in 1971. By comparison, per capita consumption of wheat in the United States in 1951, 1960, and 1971 for cereal, flour, and pasta products was 136.1, 120.8, and 113.9 pounds, respectively.

A major reason why India's per capita consumption level is well below that of the United States is because many Indians, particularly in the southern and eastern States, are rice eaters. In fact, India consumes about twice as much rice as it does wheat.

While wheat has long been a staple food item in the northern and central parts of India, its popularity has been increasing in traditionally rice-eating areas. Also, as purchasing power grows, many rural people switch their consumption patterns from coarse grains to wheat. Sections of the urban population, especially the educated middle classes, are including more wheat products in their diets—primarily bakery products—because of ready accessibility. Consumer surveys repeatedly indicate that as incomes in India increase, expenditures for wheat products in both rural and urban sectors are expected to rise faster than those for rice.

Some 90 percent of the wheat consumed in India is in the form of *chapatis* (unleavened bread baked on a flat iron pan) or other similar products. Chapatis have been the preferred Indian wheat food for centuries. They are prepared from a granular meal usually ground from white wheat, called *atta*, most of which is processed by the traditional *chakki* or small village flour mill.

Commercial flour mills process some 10 percent of India's wheat. There are more than 200 of them in India, with a total annual capacity of 4 million to 4.5 million tons. Most of these, however, are operating well below capacity. These mills are located mainly in the wheat-growing States of Punjab and Uttar Pradesh and in major cities. The flour-milling industry is among India's largest organized food industries.

A recent report, *Survey Report on the Baking Industries in India*, financed by Wheat Associates U.S.A., indicates that the baking industry is much larger than was generally thought and that it has been growing at an annual rate of 10 percent in recent years. This trend is expected to continue through the present decade.

There are an estimated 43 large-scale, 250 medium-scale, and 13,306 small-scale bakeries in the country. In 1970 they sold an estimated $150 million worth of bakery products—primarily bread.

With the termination of imports of hard wheats, the baking industry is facing a problem because most local wheats, including high-yielding varieties, are not well suited for bread making. The problem of obtaining a suitable indigenous wheat is compounded because the Food Corporation of India (FCI), which handles foreign and domestic marketing of wheat, does not procure local grains according to quality grades. Therefore, it can only supply millers with mixed wheat varieties.

India's bakery industry is convinced of a continuing need to import hard wheats for bread making.

A side note to the decline in wheat imports is that it sharply alters the method of financing FCI. The Indian support price for wheat is around $100 per metric ton, while the c.i.f. cost (landed price, Indian ports) for U.S. Hard Winter wheat has been around $70-$75 per metric ton. The imported grain has been sold at the domestic price and the difference between the two figures has gone to the FCI to defray operating expenses. Thus, each 1-million-ton drop in imports of U.S. wheat will mean the loss of $25 million to $30 million to the FCI. This amount will now have to be obtained from the central Government.

Looking ahead, there are those who believe that increases in Indian wheat production will be more than adequate to meet future boosts in demand. It should be noted, however, that 1971-72 was India's fifth consecutive good monsoon year. Historically, one in five has been a drought year and one in ten has been a severe drought year. Also, a substantial portion of recent production gains has been due to an increase in area.

From the drought year of 1966-67 to the good monsoon year of 1970-71, wheat area increased by 39 percent while yields increased by 46 percent. A continuation of the trend in area growth is considered unlikely.

Future production gains will be less easy to achieve, since the bulk of India's progressive farmers with irrigation facilities have already adopted new varieties and cultural practices. Thus, considering expected continued increase in demand for wheat—especially for bakery products—prospects for continued self-sufficiency in wheat are open to question.

The possibility that imports will be required to meet this future demand is a very real one, especially in years of a poor monsoon.

World Leaders Of Agriculture Chart Future Course of FAO

By RALPH W. PHILLIPS
International Organizations Staff
U.S. Department of Agriculture

This article reviews the main actions and discussion at the 16th session of the FAO Conference, which is the supreme governing body of the Food and Agriculture Organization of the United Nations. Dr. Phillips was alternate U.S. delegate to the session, held at FAO headquarters in Rome, Italy, from November 6 to 25, 1971.

As FAO's legislative body, the Conference—held every 2 years—is called upon to take action relating to many aspects of the Organization's activities. It is also a forum in which the state of the world's food and agriculture is considered.

THE CONFERENCE of the Food and Agriculture Organization, at its 16th session held November 1971, took a number of actions that will affect the course of FAO as it continues to move through its second quarter-century.

Among these actions are:

• **A new program-budget approach,** used for the first time in preparing the Program of Work and the Budget for 1972 and 1973. Instead of the former presentation by organizational units, FAO's activities were grouped under six major categories: Mobilization of human resources, increasing yields, the protein problem, war on waste, earning and saving foreign exchange, and agricultural development planning.

The Program of Work for the 2 years, as proposed by the Director General, was endorsed by the Conference. So was a budget to finance it, totaling some $86 million, of which about $80 million ($40 million annually) is to be assessed from member nations.

• **An amendment to the FAO Constitution,** to provide that in the future the Director General shall be elected for a 6-year nonrenewable term. This change is designed to enable the Director General to devote all his energies to administration.

The incumbent Director General, Dr. A. H. Boerma (the Netherlands), was reelected for a 4-year term.

• **Another constitutional amendment,** to create two new committees of the FAO Council—one on agriculture, one on forestry, both open to all member nations. The Conference decided that for an experimental 4-year period both the present Committee on Commodity Problems and the Committee on Fisheries, which had been limited to 34 members each, should also be open.

Among their functions these four committees—particularly those on agriculture, fisheries, and forestry—will review FAO's substantive activities and make proposals on future programs when they meet in non-Conference years.

Other actions the Conference took:

• Elected six countries to membership—Bahrain, Fiji, Republic of Maldives, Oman, Qatar, and Swaziland. Members now number 125.

• Elected 12 countries to the Council (FAO's 34-member second-level governing body) to fill seats falling vacant November 26, 1971–December 31, 1974: Brazil, Canada, Colombia, Hungary, Iran, Kenya, Morocco, Sierra Leone, Switzerland, Syria, the United States, and Venezuela. To vacancies of January 1, 1973–November 1975, it elected Australia, Chile, Dahomey, Denmark, Egypt, Ethiopia, France, India, Pakistan, Sudan, the United Kingdom.

• Endorsed a pledging target of $340 million for the World Food Program for 1973 and 1974 (sponsored jointly by FAO and the United Nations.

The Conference's consideration of the world situation and outlook for food and agriculture was based upon the 1971 issue of FAO's annual publication, *The State of Food and Agriculture* (see *Foreign Agriculture*, Sept. 6, 1971); over 100 statements by heads of delegation in the general plenary debate; and a report of the Council's Committee on Commodity Problems.

In the plenary debate, many speakers touched on problems having an international impact. Those receiving most attention were: The possibilities of trade among developing countries; dangers of trade protectionism; international commodity agreements; international food reserves; the WFP as an instrument for development; population growth and employment; agrarian reform (stressed by many delegates from developing countries); livestock development (also stressed by developing countries, with the view that meat could become an important export product for them); crop improvement and the establishment of seed banks; more adequate control of plant and animal diseases and pests; improvement of fisheries.

International agricultural adjustment was stressed. A proposal by the Director General that the 1973 Conference should take international agricultural adjustment as its theme was generally endorsed.

In general, the work of the Committee on Commodity Problems and its Study Groups was accepted by the Conference, although regret was expressed that Study Groups on tobacco and pepper had not been established. It was decided that such groups should be renamed Intergovernmental Groups. In discussing the commodity work, developing countries were critical in general of the fact that growth in international trade between 1970 and 1971 had mostly benefited the developed countries.

The Frank L. McDougall Lecture was delivered by Dr. Norman E. Borlaug (United States), a recent winner of the Nobel Peace Prize. He stressed the need for balance in the use of agricultural inputs together with improved plants and animals if the world's people are to be adequately fed, and warned strongly against overconcern with environmental problems, as against constructive approaches to improved agricultural production.

U.S. Exports of Tallow to Guatemala Expected To Stay High Despite Decree

Despite a recent Guatemalan decree that prohibits imports of cottonseed and substitute oilseeds from outside the Central American Common Market (CACM) area and limits imports of tallow, the level of U.S. tallow sales to Guatemala will probably not be affected.

U.S. tallow exports to the other CACM countries—Costa Rica, El Salvador, Honduras, and Nicaragua—are also expected to remain at high levels.

Because CACM countries are minor importers of U.S. cottonseed oil, this ban will probably have little effect on total U.S. trade in this oil.

In 1970, the United States exported about 81.1 million pounds of inedible tallow to CACM countries. Guatemala was the largest importer with purchases totaling 28.8 million pounds, and El Salvador was a close second with a total of 25.6 million pounds. Sales to Nicaragua totaled 12.8 million pounds and to Honduras 14 million pounds.

During January-October 1971, U.S. exports of inedible tallow to the CACM totaled 68.3 million pounds, up 8.3 percent from the year-earlier level.

The Guatemalan ruling concerning tallow and cottonseed or substitute oilseeds grew out of conflict arising from an earlier decree in which the Guatemalan Government fixed the price of cottonseed and controlled its importation and exportation.

Because the country's cottonseed production in 1971-72 will probably be less than the amount needed by domestic producers of fats and oils, the Government decreed that cottonseed could be exported only after 152.1 million pounds were made available for domestic uses and set the price for cottonseed used during the 1971-72 cotton year at 3 cents per pound.

Guatemala's National Cotton Council accepted the Government's 3-cents-per-pound price and agreed to import at least 12 million pounds of substitute oilseeds.

Shortly thereafter some cottonseed producers and processors discovered that one of the country's largest oilseed processors had already contracted to buy about one-third of the anticipated 1971-72 cottonseed crop at a price of slightly more than 2 cents per pound.

Oil processors subject to the higher price refused to buy cottonseed which then piled up outside of the cotton gins as the cotton harvest proceeded. The debate got hotter and cottonseed producers and processors angrily presented their respective sides to the public in newspaper articles.

During the disagreement the National Cotton Council accused oil processors of importing inedible tallow, refining it, and selling it as edible oil. The charge stated that because it was cheaper to refine tallow than to process cottonseed for oil, the oil processors were not willing to pay a high fixed priced for cottonseed.

The debate ended when processors finally agreed to buy cottonseed at a price somewhat lower than that fixed by the Government.

However, the newspaper publicity attracted the attention of the other CACM countries and they debated the Guatemalan oil dispute in meetings of CACM countries' Ministers of Economy and in the CACM's Normalizing Commission.

In response to criticism levied at it in these meetings, Guatemala suspended the first decree and issued the new one which prohibited the import of cottonseed or substitute oilseeds from outside CACM and limited the importation of tallow.

The restrictive decree allows tallow imports only by Guatemalan companies classified as "integrating industries" of the CACM and only for soap making, and limits import volume to the amount that cannot be supplied by Central American companies. Because CACM needs are considerably greater than area production and the United States is the major supplier of CACM tallow, U.S. tallow exports to all CACM countries should follow previous patterns.

—Based on a dispatch from
WAYNE W. SHARP
U.S. Agricultural Attaché
Guatemala City

World Prices Set Off Bolivian Cotton Boom

High world cotton prices and the desire by Bolivian farmers to raise a rewarding cash crop have combined to launch a cotton boom in the Santa Cruz area of eastern Bolivia. Farmers quadrupled cotton lint production from 2,800 metric tons (12,860 bales, 480 lb. net) in 1967 to 12,137 tons (55,744 bales) in 1971. Estimated yields have been well over 535 pounds per acre in recent years.

Some of the increase in cotton production is apparently coming from land previously planted to sugarcane. In 1971, area from which sugarcane was harvested reportedly declined from 91,427 acres to 56,833 acres. Land formerly in dryland rice is also being shifted to cotton.

Bolivian cotton exports, mostly to the United Kingdom and Japan, jumped from an estimated 6,000 bales in 1969 to 32,600 bales in 1971. Export shipments moved through the ports of Buenos Aires, Argentina, and Santos, Brazil.

Cotton consumption by Bolivia's small textile industry has increased from 14,200 bales in 1969 to an estimated 23,000 bales in 1971. Before 1967, cotton imports were essential to supplement the small domestic production.

Bolivia has optimistic plans for the current year but it is doubtful if the country's export goal of 147,000 bales in 1972 will be reached, even though an estimated 91,427 acres were planted to cotton.

Some Bolivians believe, however, that the large anticipated cotton crop will play a major role in the recovery of the stagnant Bolivian economy.

BOLIVIA'S COTTON AREA AND PRODUCTION

Year [1]	Area	Production
	1,000 acres	*1,000 bales* [2]
1961	5.2	4.5
1962	5.9	5.3
1963	6.1	5.7
1964	8.8	8.3
1965	9.0	9.4
1966	12.5	13.3
1967	12.1	12.9
1968	14.7	16.1
1969	17.0	20.2
1970	[3]19.8	23.4
1971 [4]	43.5	55.7

[1] Year of harvest. [2] 480 lb. net. [3] Estimate. [4] Preliminary.

U.S. Feedstuffs To Benefit From Better U.S. Trade Ties With USSR, East Europe

The worldwide repercussion and the swift pace of events—negotiations, top-level meetings, monetary fluctuations, agreements—that followed disclosure of the New Economic Policy have pushed far into the background of the news two trade initiatives in June that have far-reaching implications for U.S. agricultural exports:

- The President's action eliminating the requirement that when grain is sold to Mainland China, Russia, and certain other East European countries, at least 50 percent of the cargo be carried in U.S.-flag vessels.
- The President's lifting of the 21-year embargo on trade in nonstrategic items with Mainland China.

When the President lifted the 50-50 shipping requirement and got the maritime unions to accept the change, he opened the door to the Continental-Cargill feedgrain sale to Russia. His action assured that U.S. grain moving to the Soviet Union and elsewhere in Eastern Europe would not be rendered noncompetitive by compulsory higher shipping costs.

This is, indeed, a breakthrough, and one that has extreme significance for U.S. feedgrains and soybeans.

Not long after the June announcement, two teams of U.S. grain, livestock, and marketing specialists returned to Washington. One came back from the Soviet Union and the other from four other countries in Eastern Europe—Czechoslovakia, Hungary, Poland, and Romania.

Each team reported that intensive efforts are underway in the countries it surveyed to increase livestock production in order to provide their consumers with more animal proteins.

The team from Russia, where meat consumption in 1970 was about half that of the United States, reported that the Soviets are putting billions of rubles into this program.

The decision to import feedgrains is only one of several steps being taken to reach the goal.

One team member said: "Although prior to departure we were aware of a stepped-up livestock program, we were not prepared for the vast resources being put into increased production of animal products. This runs into billions of rubles and covers generally the broad front. The input in housing for animals and poultry is big. This is not a few buildings, but batteries of buildings of 12, 24, 36, and 48, and more units that house 200 to 400 head of cattle and correspondingly larger number of hogs, sheep and poultry."

The team reported that while the Russians have made considerable progress in increasing agricultural production in recent years, they fall short of meeting their needs not only in livestock but in the feedgrains and protein meals basic to a modern livestock industry.

Soviet Minister of Agriculture Matskevich put it this way at a press conference in Washington near the end of his visit here in December:

"The climate in our country," he said, "does not favor soybeans and corn, and to have a balanced feed we need both."

He affirmed the Russian determination to reach the livestock goals.

"The matter is, how soon?" he added. "Time is important to us. We want to fulfill the plan as soon as possible."

We do not know, of course, how much the Russians will buy in the future, or from whom. But we do know, as a result of the President's action of last June 10, that U.S. grains will not be priced out of the Soviet market by arbitrary shipping rules. We also know, as Secretary Butz has often pointed out, that the United States is the world's only large supplier of soybeans and products.

The same is true in Eastern Europe, where the U.S. team reported that the livestock expansion goals in the four countries surveyed ranged from 18 percent in Hungary to 100 percent in Romania.

Producer price incentives, grants, loans and increasing use of technology all are being used to meet the goals, and the team predicted export gains for U.S. producers in this area in the years ahead, particularly in soybeans, but also for feedgrains.

The team cautioned that all four of the countries currently are short of foreign exchange, which reduces their ability to buy. However, the team suggested that as the economies of the four improve, and as it becomes possible to strengthen economic and political ties between the United States and these countries, trade will accelerate.

Excerpts from statement by Deputy Assistant Secretary of Agriculture Andrew J. Mair, Davis, Calif., January 24, 1972.

Iran Creates Cotton Exporters Association To Improve Marketing

Iran's Chamber of Commerce and Industry recently called on international buyers of Iran's cotton to purchase through the newly created Iran Cotton Exporters Association (ICEA).

It is a matter of "high policy" for Iran to consolidate exporters into export associations, stated the Chamber president. The Ministry of Economy and the Export Promotion Center, as well as the Chamber, are expected to strengthen export associations.

At the time of the creation of the ICEA, 22 leading cotton exporters had signed up to join the association, and the few remaining exporters were expected to join soon. Therefore, the ICEA is likely to include all or nearly all the cotton exporters in Iran.

Iranian authorities said that the association, such as ICEA, would work to consolidate exporters and eliminate unhealthy competition. Importers would be benefited, it was claimed, through the collective efforts of exporters to improve quality, modernize marketing, and evenually lower prices.

Among the stated aims of the ICEA are improvement in quality of cotton packaging, warehousing, and handling at gins and ports; prevention of unfair competition; introduction of uniform terms for sale of Iranian cotton; confining all cotton export transactions to members of the association; and strict adherence by exporters to delivery dates and contract terms.

The President of the Export Promotion Center was quoted as saying: "Producers complain of fluctuating prices, exporters complain of lack of adequate transport and other facilities, and importers complain of failure by exporters to deliver goods in time and to stick to quality standards. The Association has now come into being to put an end to all these complaints and to bring a good measure of order to this trade."

World Consumption of Dairy Products Continues To Decline

Per capita consumption of milk and dairy products in 17 major milk producing and consuming countries in 1970 averaged slightly below the 1969 level, continuing the general downward trend experienced by the dairy industry over the past decade. The 17 countries include 13 West European countries, the United States, Canada, Australia, and New Zealand.

On a milk-equivalent, fat-solids basis, average per capita consumption of dairy products in 1970 was 713 pounds compared with 715 pounds in 1969. Although per capita consumption of cheese in 1970 again showed a significant increase over the previous year, this was not sufficient to offset declines in consumption of butter, fluid milk, and other dairy products.

Fluid milk, butter, and cheese make up the bulk of total consumption of dairy products. On a milk-equivalent basis, these primary products in 1970 accounted for over 90 percent of total milk consumed domestically in 16 of the 17 countries; in the United States, these products accounted for 85 percent of total milk consumption.

Finland again had the highest per capita consumption of milk and dairy products in 1970 with a total milk equivalent of 1,298 pounds. Ireland was second with 1,228 pounds, and New Zealand third with 1,214 pounds.

On a product basis, Norway was the leading per capita consumer of fluid milk with 545 pounds, New Zealand of butter with 40 pounds, France of cheese with 31.8 pounds, the Netherlands of canned milk with 22.9 pounds, and Sweden of dried milk with 13.2 pounds.

There has been a significant shift in consumption of dairy foods in recent years from high-fat to lower fat products—a trend particularly evident in the steady upward trend in per capita consumption of cheese, and the decline in the use of butter. In the 17 countries, per capita consumption of cheese rose from 11.8 pounds in 1961 to 14.7 pounds in 1970—a 25 percent increase, while per capita consumption of butter for the same period declined 12.9 pounds to 12.1 pounds—down 6 percent.

Data for the same years show per capita cheese consumption in the United States increasing from 8.6 pounds to 11.5 pounds, while consumption of butter fell from 7.4 pounds per person to 5.3 pounds. U.S. consumption of low-fat liquid milk also has increased markedly in the past few years.

New Canadian Program Assists Family Farmers To Enlarge Holdings

Many Canadian farmers, whose family holdings are now too small to provide adequate incomes, may be able to stay in agriculture because of a recently announced small farms development program. The $150-million Government plan, made known in December by Canadian Agriculture Minister H.A. Olson, will enable small farmers to use special credit facilities to buy land required to enlarge their farms to viable size.

They will also receive technical assistance under a Federal-Provincial agreement currently being negotiated by a new technical committee.

Farmers who choose to retire or otherwise quit farming will also benefit from the program. They may qualify for an adjustment grant—either as a lump sum or as an annuity—which would be added to the selling price of their land. Farmers who sell out may also have the option of retaining their farm homes and an appropriate surrounding piece of land for as long as they wish.

Minister Olson said the program was being advanced because of the Canadian Government's reluctance to allow "current trends to result in the domination of agriculture by a handful of giant corporate farms." He continued that "economic studies and practical experience suggest that the family farm is the best type of farm" and that the program had been developed to insure their continued existence.

Unless we can develop workable programs, he said, yet other farmers will be threatened by the same trend.

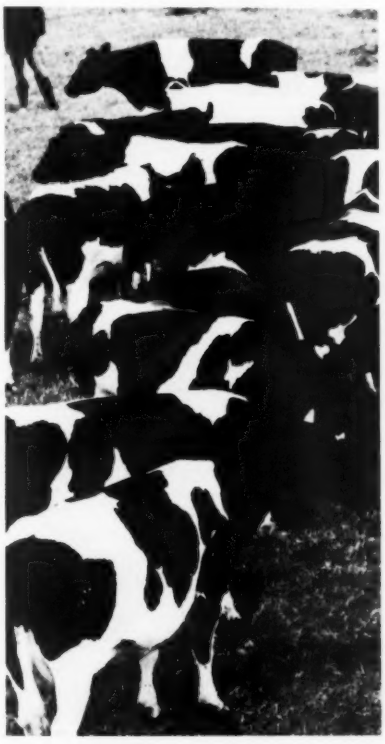
World Food Program Gets U.S. Pledge For $136 Million

The United States has promised to contribute up to 40 percent—or $136 million—of the $340 million total of the World Food Program's target for 1973 and 1974.

The WFP, a function of the Food and Agriculture Organization of the United Nations, was created in 1961 to combat hunger and promote economic development in less developed countries. Since it began, the number of donor countries has more than doubled, and its total pledging target has expanded to nearly 2½ times the $100 million of 1963-65. In the past, the United States has pledged up to 50 percent of the total food aid target.

The bulk of the U.S. pledge, to be made up of agricultural commodities and shipping services, will be financed under the authority of Public Law 480 subject to action by Congress. The final size of the U.S. commitment is contingent on the actual contributions made by all donor nations.

The pledge was announced by Andrew J. Mair, head of the U.S. delegation to the Fifth World Food Program Pledging Conference, which was held in New York the last week of January. Mr. Mair is USDA's Deputy Assistant Secretary for International Affairs and Commodity Programs.



CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 23	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14 ..	1.95	−3	[1] 2.02
USSR SKS-14	1.87	0	[2]
Australian FAQ	[2]	[2]	1.75
U.S. No. 2 Dark Northern Spring:			
14 percent	1.92	0	1.92
15 percent	1.97	+1	2.02
U.S. No. 2 Hard Winter:			
13.5 percent	1.79	−1	1.77
No. 3 Hard Amber Durum..	1.81	−1	2.01
Argentine	[2]	[2]	1.75
U.S. No. 2 Soft Red Winter..	[2]	[2]	1.65
Feedgrains:			
U.S. No. 3 Yellow corn	1.42	+1	1.58
Argentine Plate corn	1.60	0	1.53
U.S. No. 2 sorghum	1.50	0	1.53
Argentine-Granifero sorghum	1.53	0	1.33
U.S. No. 3 Feed barley	1.25	0	1.54
Soybeans:			
U.S. No. 2 Yellow	[2]	[2]	3.39
EC import levies:			
Wheat [3]	[4] 1.63	−1	1.65
Corn [5]	[4] 1.11	0	.91
Sorghum [5]	[4] 1.04	+1	1.04

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

DAIRY AND POULTRY

Uganda's Poultry Industry Opens New Processing Plant

Uganda's small poultry industry was given a boost in 1970 when the Wankoko Cooperative Society opened a poultry slaughtering and processing plant. Although the plant has an initial slaughter capacity of 2,000 birds a day, it can easily be expanded to handle 10,000 birds. Available information indicates that Uganda's production of poultry meat and eggs was approximately 35 million pounds and 20 million dozen, respectively, in 1971. This would represent about 3.5 pounds of poultry meat and 2 dozen eggs on a per capita basis.

Kenya's Milk Production Declines in 1971

Commercial milk production in Kenya was estimated at 515 million pounds in 1971, a decline of 11.5 percent from the previous year. Production was adversely affected by drought conditions during the first half of the year. Sales of whole milk for fluid consumption accounted for 40 percent of total production, with the remainder being used in manufactured products as follows (as percent of total utilization): Butter—41 percent; ghee—7.4; dried milk powder—6.8; cheese—1.8; and other milk products—2.8 percent.

Italy's Poultry Meat Output Up in 1971

Total poultry meat production in Italy in 1971 is estimated at 700,000 metric tons, up 8 percent over 1970. Chicken meat accounted for around 550,000 tons of the 1971 output, with the balance coming from guinea fowl, turkeys, and geese.

Although the market was somewhat depressed during the middle of last year, Italian producers are generally optimistic. In the short run, they are looking for continued expansion in the industry.

Consumption of poultry meat in Italy has increased steadily in the past 10 years, with per capita intake estimated at around 28 pounds in 1971. This is approximately the same as in France and substantially higher than in the other EC countries. Practically all the domestic requirements are produced within the country; imports represent only 1 to 2 percent of total consumption. Except during the Christmas season when Italian consumers tend to buy more expensive meats, price-conscious buyers are demonstrating that poultry meat is an attractive item. Part of the reason for increasing sales, reportedly, is a major improvement in the quality of the product being marketed.

Chicken Meat Becomes A Bargain in Austria

Chicken meat in Austria enjoys the distinction of being the only item that did not follow the general upsurge in meat prices during 1971. As a result, domestic demand has been rising faster for chicken and other poultry than for red meats.

In 1971, the output of poultry meat is estimated at 53,000 metric tons—up 15 percent from 1970. This is the largest gain in many years. Even so, poultry meat imports in 1971 were nearly as large as 1970's imports of 32 million pounds.

Although returns per unit sold have declined in relation to rising input costs, the Austrian broiler industry has managed to thrive. Improved technology and protective import levies have helped the industry maintain its momentum. Optimism over the business outlook is reflected by another

14-percent gain in numbers of meat-type birds over a year ago. Also, broiler feeders are confident that a somewhat strained market supply and price outlook situation for red meat in 1972 will further enhance the sales appeal of relatively low-priced chicken meat.

Spain Extends Suspension Of Import Duty on Dry Milk

By Decree 100, dated January 13, 1972, the Spanish Government has extended the suspension of the import duty on dry milk for 3 months—from January 15 through April 14, 1972. The commodity designation to which the suspension applies, Tariff Heading 04.02-A-1a, is as follows: Milk in powdered or solid forms; unsweetened and nondenatured, from whole or skim milk and having 26 percent or 1 percent milkfat, by weight, respectively. Prior to suspension, the import duty on this commodity classification was 26 percent ad valorem.

U.S. exports of dry whole milk to Spain totaled 7.6 million pounds in 1971, as available supplies from nearby European countries were generally scarce. A particularly severe drought reduced Spain's milk production in 1970, requiring larger imports in 1971 to meet increasing domestic requirements.

FATS, OILS, AND OILSEEDS

Japan's 1972 Soybean Imports To Approximate 1971 Level

Japan expects to import about the same tonnage of soybeans in calendar 1972 as the 1971 level of 3,213,000 metric tons (118 million bu.) which was down 1 percent from the 3,244,000 tons (119 million bu.) imported in 1970.

While Japanese Customs Bureau data are not available for the breakdown by origin, it has been estimated that of the 1971 total, imports from the United States were about 2,950,000 tons (108 million bu.). Mainland China supplied about 260,000 tons (9.6 million bu.).

If (as the Japanese Government believes) about 120,000 to 150,000 tons of soybean meal are imported in 1972, then imports of beans for crushing this year would be somewhat lower than in 1971.

COTTON

Pakistani Cotton Crop Sets Record in 1971-72

Revised trade estimates of the 1971-72 Pakistani cotton crop now place production at 2.86 million bales (480 lb. net), compared with earlier estimates of 2.65 million bales. The record crop is almost 400,000 bales above the previous high set in 1969-70 (August-July).

Pakistani cotton production has followed a steady uptrend since 1964-65, when only 1.75 million bales were grown—except for a slight downturn in 1970-71 when poor weather caused a drop of 50,000 bales from the 1969-70 level of 2.48 million bales. Diversion of acreage from sugarcane and other crops this year raised cotton acreage to 4.4 million acres—an increase of 80,000 acres. Favorable weather also boosted yield to 312 pounds of lint per acre, compared with 269 pounds in 1970-71 and a 5-year average of 258 pounds.

Almost all Pakistani cotton is grown in West Pakistan. In the past, a substantial amount of this cotton has been shipped to East Pakistan in the form of raw cotton and cotton textiles. With the loss of this trade following the Indo-Pakistani war, additional cotton has been made available for export to foreign countries. Tight world cotton supplies have assured that this cotton would meet strong demand from abroad. In fact, it is reported that through mid-January 1972 between 850,000 and 900,000 bales of the 1971-72 crop had been committed for export, leaving only a small portion of the exportable surplus still uncommitted.

Cotton consumption in West Pakistan in the current year is expected to be 1.80 million to 1.85 million bales. Cotton consumption in East Pakistan last year totaled about 175,000 bales, all of which came from West Pakistan, except for about 2,000 bales which were produced locally.

FRUITS, NUTS, AND VEGETABLES

EC Sets Quota for Spanish Raisins and Dried Figs

The Council of the European Community has announced 1972 tariff preference quotas for dried figs and raisins imported into the EC from Spain. The quotas, totaling 220.5 short tons of dried figs and 1,873.9 tons of raisins, are divided as follows:

	Dried figs *Short tons*	Raisins *Short tons*
Germany	5.5	88.2
Benelux	52.9	253.5
France	114.6	970.0
Italy	3.3	187.4
Reserve to be allotted to countries that use 90 percent or more of allotment	176.3	1,499.1
	44.2	374.8
	220.5	1,873.9

The quotas are based on the EC-Spain Agreement of June 29, 1970, and cover products in immediate containers of 33 pounds or less. Preferential rates are 3 percent ad valorem for dried figs and duty free for raisins.

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FOREIGN AGRICULTURE

China Reports Record Grain Crop

(Continued from page 4)

Procurement prices for commercial crops probably were increased as a way to provide more cash income in the countryside so that collectives and communes could finance the increased costs of production. These costs include acquisition of machinery, building of repair facilities, and such inputs as chemical fertilizers and insecticides. In addition, price reductions for chemical fertilizer, insecticides, farm machinery, trucks, pumps, fuels, and lubricants should make it economically feasible for the collectives and communes to acquire and utilize these materials.

Chinese peasants happily thresh rice from bumper late crop.

Hai Ho Valley

(Continued from page 5)

Hai Ho drainage basin is that the capacity of the river and canal system to empty water off the land has been increased over fivefold. Some longer range results are: The extent of saline or alkaline land has been halved (helped by massive earth-moving efforts that raised the levels of fields and deepened drainage ditches); area under irrigation has been increased; and farmland about equal to 8.2 million acres has been freed of periodic flooding and waterlogging.

Further, following completion of the new drainage and irrigation facilities, a part of the marshland along the coast has been reclaimed for rice fields.

Since reclamation work began, progress towards grain self-sufficiency in counties in Hopeh Province has steadily increased. The Province as a whole claims that since 1967 it has raised enough grain for its own use. And in 1970 it even claimed an "initial" grain surplus.

Meanwhile, although the bulk of the major construction work has been accomplished, much has yet to be done in small local supplementary projects. In hilly areas, small reservoirs can be built on streams and creeks. In low-lying lands small projects to increase irrigation, improve soil conditions, and speed up drainage can be undertaken.

—Based on a dispatch by
STEVE WASHENKO
U.S. Agricultural Officer, Hong Kong

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